

14033
RECORDATION NO. Filed 1425LEASE JUN 2 1983 - 11 55 AM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT, dated as of May 15, 1983, between CIS RAIL CORPORATION, a California corporation (hereinafter called Lessor), and Missouri-Kansas-Texas Railroad Company, a Delaware corporation (hereinafter called Lessee).

W I T N E S S E T H

WHEREAS, Lessee desires to lease 19 General Motors EMD model GP-40 and 4 General Motors EMD model GP-38 diesel-electric locomotives described on Schedule A-1 through A-23 attached hereto (hereinafter collectively called the Equipment, and individually called Units) from Lessor;

WHEREAS, Lessor desires to lease the Equipment to Lessee;

WHEREAS, the Equipment is currently subject to a lease (the "Mercantile Lease") between Mercantile Trust Company, N.A., as lessor thereunder, and Lessee, as lessee thereunder, and the consummation of this transaction is contingent upon the termination of the Mercantile Lease and the purchase of the Equipment by Lessor;

WHEREAS, the consummation of this lease is further contingent upon the execution of a Conditional Sale Agreement between Mercantile Trust Company, N.A., as vendor, and Lessor hereunder, as vendee, and the assignment of said Conditional Sale Agreement and Lessee's rights to rental payments under this Lease to Chemical Business Credit Corp. ("Assignee") in connection with a non-recourse loan from Assignee to Lessor made in connection with the purchase of the Units by Lessor;

WHEREAS, Lessor desires to finance the cost of the Equipment and Assignee has agreed to such financing pursuant to the terms of a Participation Agreement between Lessor, Lessee and Assignee dated as of the date hereof (hereinafter called the Participation Agreement);

NOW, THEREFORE, it is hereby agreed as follows:

Section 1. Delivery. (1) Lessee is in possession of the Equipment as of the effective date of this Lease. Lessee acknowledges that each Unit is in good order and, without further instrument of lease or transfer, is subject after the lease commencement date to all the terms and conditions of this Lease.

(2) Lessee shall not by virtue of this Lease or the possession or use of the Equipment by Lessee under or pursuant to this Lease or of anything permitted to be done by Lessee hereunder in respect of the Equipment, acquire title to or any equity in the Equipment or any Unit. Any rights of Lessee in respect to the Equipment shall constitute a leasehold interest only.

THE RIGHTS OF THE VENDOR UNDER THIS AGREEMENT AND IN ALL EQUIPMENT COVERED HEREBY HAVE BEEN ASSIGNED AND ARE SUBJECT TO A SECURITY INTEREST.

THIS AGREEMENT HAS BEEN EXECUTED IN COUNTERPARTS. THE COUNTERPART OR COUNTERPART SET HELD BY THE ASSIGNEE HEREOF IS THE "ORIGINAL," AND ALL OTHER COUNTERPARTS ARE DUPLICATES.

14033/P
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JUN 2 1983 - 11 55 AM

CONDITIONAL SALE AGREEMENT INTERSTATE COMMERCE COMMISSION

Dated as of May 15, 1983

between

CIS RAIL CORPORATION

and

MERCANTILE TRUST COMPANY, NATIONAL ASSOCIATION

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TESTIMONIUM

SCHEDULE A EQUIPMENT

CONDITIONAL SALE AGREEMENT dated as of May 15, 1983, between CIS RAIL CORPORATION, a California corporation (hereinafter called the Vendee), and MERCANTILE TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association (hereinafter called the Vendor).

WHEREAS the Vendor is the owner of certain units of railroad equipment more fully described in Schedule A hereto (hereinafter called the Equipment), and the Equipment is currently being leased to the Missouri-Kansas-Texas Railroad Company (hereinafter called the Lessee);

WHEREAS the Vendee desires to purchase the Equipment from the Vendor and to lease the Equipment to the Lessee pursuant to a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease);

WHEREAS the Vendee desires to defer payment of a portion of the purchase price of such equipment, and in consideration of the assignment referred to below, the Vendor agrees to accept a portion of such purchase price in instalments, as more fully set forth herein;

WHEREAS the Vendor will retain a security interest in such equipment until the obligation of the Vendee to pay the purchase price thereof shall have been satisfied;

WHEREAS the Vendor is assigning its rights to that portion of the purchase price payable in instalments, and its interest in the equipment, to Chemical Business Credit Corp. (hereinafter called the Assignee);

WHEREAS the Vendee is assigning certain rights under the Lease to the Assignee as collateral security for its obligations hereunder pursuant to the Assignment of Lease and Agreement dated as of the date hereof (hereinafter called the Lease Assignment); and

WHEREAS the participation of the Vendee and the Assignee in the transactions contemplated hereby are subject to certain conditions set forth in the Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) among the Lessee, the Vendee, and the Assignee.

NOW THEREFORE, in consideration of the purchase price to be paid and the covenants herein contained, the Vendor hereby agrees to sell the Equipment to the Vendee, and the Vendee agrees to purchase the Equipment, on the following terms and conditions.

SECTION ONE
DELIVERY AND ACCEPTANCE

1.1. Acceptance of Equipment. The Equipment is in the possession of the Lessee. Upon delivery by the Vendor to the Vendee of a bill of sale with respect to any unit of the Equipment, and satisfaction of the conditions for closing set forth in the Participation Agreement, such unit shall be deemed delivered by the Vendor and accepted by the Vendee hereunder.

SECTION TWO
PURCHASE PRICE AND PAYMENT

2.1. Purchase Price. The Purchase Price of each unit of Equipment shall be the price set forth in Schedule A hereto.

2.2. Payment. The Equipment shall be settled for in one group on a date (hereinafter called the Payment Date), not later than June 30, 1983, as shall be fixed by the Vendee by written notice to the Vendor, the Lessee, and the Assignee in accordance with the provisions of the Participation Agreement.

The Vendee acknowledges that it is indebted to the Vendor in the amount of, and promises to pay to the Vendor at such place as the Vendor shall designate, the Purchase Price of the Equipment, as follows:

(a) on the Payment Date, an amount not less than 9.8% of the aggregate Purchase Price of the Equipment; and

(b) in 118 monthly instalments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the Equipment, less the aggregate amount paid with respect thereto pursuant to clause (a) of this paragraph.

The unpaid balance of the Purchase Price shall bear interest from the Payment Date at the rate of 14.10% per annum. Such interest shall be payable, to the extent accrued, on the first business day of each month, commencing July 1, 1983, until the indebtedness hereunder shall have been discharged. The portion of the Purchase Price payable in instalments pursuant to clause (b) of the preceding paragraph and interest thereon shall be payable on the first business day of each month, commencing ~~December 1, 1983~~ to and including ~~September 1, 1993~~. The amount of principal payable on each such date shall be calculated such that the aggregate of principal and interest payable on each such date shall be approximately equal, and the total of all such payments of principal shall completely amortize the indebtedness in respect of the Purchase Price.

* January 1, 1984
** October

[Handwritten signature]
[Handwritten initials]

The Vendee shall furnish to the Vendor promptly after the Payment Date a schedule showing the respective amounts of principal and interest payable on each date for such payment.

The Vendee agrees to make each payment provided for herein in accordance with the instructions of the Vendor (or the Assignee, in the case of payments assigned thereto) in immediately available funds at or prior to 11:00 a.m. in the city where such payments are to be made.

The Vendee promptly shall pay an amount equal to interest at the rate of 15.60% per annum on any overdue payments and other obligations hereunder for the period of time during which they are overdue, or such lesser amount as may be legally enforceable (such rate being hereinafter called the Overdue Rate).

Except as provided in section 2.3 hereof, the Vendee shall not have the privilege or option of prepaying any instalment of the Purchase Price prior to the date it becomes due.

2.3. Prepayment. In the event that payment shall be or become due under the Lease in respect of any unit of Equipment due to a Casualty Occurrence thereunder, the Vendee shall upon receipt of notice with respect thereto from the Lessee or otherwise immediately notify the Vendor of such occurrence and the indebtedness hereunder shall be prepaid, on the date established in the Lease for payment in respect of such Casualty Occurrence, in an amount equal to the then unpaid principal amount of the indebtedness hereunder multiplied by a fraction, the numerator of which shall be the aggregate amount of the Purchase Price of the unit of Equipment which shall have suffered a Casualty Occurrence and the denominator of which shall be the aggregate amount of the Purchase Price of all Equipment subject to the Lease immediately prior to such date.

In the event of any such prepayment of the indebtedness hereunder, the amount of each payment of such indebtedness becoming due after application of such prepayment shall, to the extent appropriate, be adjusted so that the principal paid on each date for payment of an instalment of principal shall bear the same proportion to the original amount payable on such date as the total unpaid balance bears to the original balance unpaid on such date but for such prepayment and other prepayments theretofore made, and that, upon the due payment of all payments thereafter, the entire unpaid principal amount of and interest on such indebtedness shall have been paid in full.

The Vendee shall furnish to the Vendor promptly after each such prepayment a schedule showing the respective amounts of principal and interest payable on each subsequent date for such payment.

2.4. Limitation of Liability. The liability of the Vendee for all payments to be made under clause (b) of the second paragraph of section 2.2 and under section 2.3 shall not exceed an amount equal to, and shall be payable only out of, the income and proceeds from the Equipment. As used herein the term "income and proceeds from the Equipment" shall mean

(a) if an Event of Default (as defined in section 6.1 hereof) shall have occurred and while it shall be continuing so much of the following amounts as are indefeasibly received by the Vendee or the Assignee (as assignee of the Vendee under the Lease) at any time after such Event of Default and during the continuance thereof, (i) all rent and any other sums due and to become due under the Lease, and (ii) any and all other payments or proceeds received pursuant to the Lease or for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition; and

(b) at any other time only that portion of the amounts referred to in the foregoing clause (a) or otherwise payable to the Vendee pursuant to the Lease as are indefeasibly received by the Vendee or the Assignee (as assignee of the Vendee under the Lease) and as shall equal the payments specified in clause (b) of the second paragraph of section 2.2 and in section 2.3 due and payable by the Vendee on the date such amounts so received were required to be paid pursuant to the Lease or as shall equal any other payments (including payments in respect of Casualty Occurrences under the Lease) then due and payable under this agreement.

The Vendor agrees that if it obtains a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this section, it will, accordingly, limit its execution of such judgment to such amount and it will not bring suit against the Vendee for any sums in addition to the amounts payable by the Vendee pursuant to said limitations (or obtain a judgment, order or decree against the Vendee for any relief other than the payment of money) except as may be required by applicable rules of procedure to enforce against the Equipment and the Lessee (rather than against the Vendee personally), by appropriate proceedings against the Vendee at law or in equity or otherwise, the obligation to make the payments due to the Vendor under this agreement.

The Vendor agrees that it will not file, or otherwise seek to recover or accept any recovery on, any claim in connection with the reorganization of the Vendee under Title 11 of the

United States Code based on the failure of the Vendor to receive any amount of principal or interest on the indebtedness hereunder in excess of the income and proceeds from the Equipment.

Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment and the Lessee as provided for herein for the full unpaid principal amount of the indebtedness hereunder and interest thereon, or to proceed against the Vendee for damages and exercise other remedies for breach of the covenants of this agreement (subject to the aforesaid limitations, in the case of clause (b) of the second paragraph of section 2.2 and section 2.3) or the inaccuracy of the representations and warranties contained in the Participation Agreement, or in any document delivered in connection therewith.

SECTION THREE
SECURITY

3.1. Security. The Vendor shall and hereby does retain a security interest in the Equipment and all cash and non-cash proceeds therefrom until the Vendee shall have made all of the payments required to be made under this agreement and shall have kept and performed all of its agreements herein contained. Such security interest shall attach to each unit of Equipment upon delivery thereof hereunder.

3.2. Recordation. This agreement and any amendments and supplements hereto or counterparts or copies or other evidence hereof and thereof may be filed or recorded in any public office as may be necessary or appropriate to protect the interests of the Vendor in the Equipment.

3.3. Release. When the Vendor shall have been paid the full Purchase Price of the Equipment, together with interest and all other payments as herein provided, absolute right to the possession of, title to, and property in the Equipment shall pass and vest in the Vendee without further transfer or action on the part of the Vendor. The Vendor, if so requested at that time, shall execute and deliver such instruments as shall be appropriate to evidence the release of the interest of the Vendor in the Equipment and to make clear on the public record the title of the Vendee to the Equipment.

3.4. Further Assurances. The Vendee covenants and agrees from time to time to do all such acts and execute all such instruments of further assurance as shall be reasonably requested by the Vendor for the purpose of fully carrying out and effectuating this agreement and the intent hereof.

SECTION FOUR
REPRESENTATIONS AND WARRANTIES

4.1. Warranty of Title. The Vendor represents and warrants that the Vendor owns the Equipment and has the right to sell the same, and each unit of the Equipment, when delivered hereunder, will be free of all claims, liens, and encumbrances arising from or through the Vendor, except the security interest created by this agreement and the right of the Vendor or its assignee therein.

4.3. Disclaimer of Warranty. THE VENDOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS, DESIGN, OR CONDITION, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT, OR WORKMANSHIP IN THE EQUIPMENT, AND THE VENDOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO ANY PATENTED FEATURES THEREOF.

SECTION FIVE
COVENANTS AND AGREEMENTS

5.1. Covenants of The Vendee. The Vendee hereby covenants and agrees that:

(a) the Equipment shall be and shall remain free and clear of all claims, liens, security interests, and encumbrances of any nature arising from, through, or under the Vendee, except the rights of the Lessee under the Lease, the security interest of the Vendor hereunder, ~~and~~ the claims of parties acquiring interests in units of the Equipment as permitted by section 4.3 of the Participation Agreement,* and the Vendee shall, at its own expense, promptly take such action as may be necessary to discharge any such encumbrances; provided, however, that the Vendee shall not be required to discharge any such encumbrances if and so long as it (or the Lessee) shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner that will not endanger the interest of the Lessee in the Equipment under the Lease or the interest of the Vendor in the Equipment hereunder;

(b) the Vendee shall pay or cause to be paid all taxes and charges, including without limitation all taxes imposed on or measured by its net income but excluding such taxes that the Lessee is required to pay or indemnify for under the Lease, if the failure to pay such taxes could result in any reduction of the amounts payable to the Vendor or the imposition of any lien against the Equipment, the Lease, or any payments made or to be made by the Lessee in respect thereof; provided, however, that the Vendee shall not be required to pay any such taxes or charges if and so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner that will not endanger the interest of the Lessee in the Equipment under the Lease or the interest of the Vendor in the Equipment hereunder; and

(c) the Vendee shall not sell, assign or transfer its rights under this agreement or in or to the Equipment, except pursuant to the terms of the Participation Agreement.

* and except for liens and/or security interests created in favor of Vendee, or any assignee or transferee of Vendee, in connection with a permitted transfer by Vendee of one or more units of the Equipment,

SECTION SIX
EVENTS OF DEFAULT; REMEDIES

6.1. Events of Default. If any of the following events (each such event being herein sometimes called an Event of Default) shall have occurred (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) any Event of Default, as such term is defined in the Lease, shall have occurred thereunder;

(b) any payment of principal of or interest on the indebtedness under this agreement, including prepayments required by section 2.3 hereof, shall not be paid when due, and such default shall continue for more than ten days thereafter, without regard for any limitation of liability contained herein; or

(c) the Vendee shall breach or fail to observe or perform any other covenant, agreement, or warranty on its part made in this agreement or the Participation Agreement, ~~without regard for any limitation of liability contained herein, and such breach or failure~~ shall continue for a period of 30 days after notice thereof shall have been given to the Vendee by the Vendor; or

(d) the Vendee shall assign, convey, or otherwise transfer any of its interest in and to the Equipment in contravention of the terms hereof or of the Participation Agreement, or the Vendee shall suffer or permit the imposition upon the Equipment or any part thereof of any claim, lien, security interest, encumbrance or charge that is prior to or on a parity with the interest of the Vendor hereunder; or

(e) the Vendee shall (1) be generally not paying its debts as they become due, (2) file, or consent to the filing against it of a petition for relief under any bankruptcy or insolvency laws, (3) make an assignment for the benefit of creditors, (4) consent to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, or other official with similar powers over the Vendee or a substantial part of its property, or (5) take corporate action for the purpose of any of the foregoing; or

(f) a court having jurisdiction over the Vendee or

its property shall enter a decree or order in respect of the Vendee or such property in an involuntary case under any bankruptcy or insolvency law, or shall appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator, or official with similar powers over the Vendee or a substantial part of such property, or shall order the winding-up or liquidation of the affairs of the Vendee, and such order or decree shall continue in effect for a period of 60 consecutive days;

then and in every such case the Vendor may by notice in writing to the Vendee declare the unpaid principal amount of the indebtedness under this agreement with accrued interest thereon to be due and payable. Thereupon the entire amount of such principal and accrued interest, and the entire amount due hereunder shall become due and payable immediately without further demand, together with interest at the Overdue Rate, to the extent legally enforceable, on any portion thereof overdue.

The Vendor shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of any amounts due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Vendee and collect in the manner provided by law out of the Equipment, wherever situated, the moneys adjudged or decreed to be payable (subject to the provisions of section 2.4 hereof).

6.2. Specific Remedies. Upon the occurrence and during the continuance of a Event of Default the Vendor may exercise any or all of the following remedies:

(a) If an Event of Default shall have occurred and be continuing under the Lease, the Vendor may exercise any of the remedies available to the Vendee as lessor thereunder, may recover possession of the Equipment, may require the Equipment to be assembled and delivered to the location specified by the Vendor, and shall be entitled to a judgment conferring upon the Vendor the immediate right to such possession and to a decree of specific performance requiring the delivery of the Equipment as aforesaid.

(b) The Vendor may collect and receive any and all rents, revenues and other cash and non-cash proceeds from the Equipment.

(c) Subject to the rights of the Lessee (if an Event of Default shall not have occurred and be continuing under the Lease), if the unpaid principal amount of the indebtedness under this agreement shall have been accelerated as provided above, the Vendor

may, with or without taking possession of the Equipment, sell all or any part thereof, free from any and all claims of the Vendee, in one lot and as an entirety or in separate lots, at public or private sale, for cash or upon credit, in its discretion. Upon any such public sale, the Vendor itself or any holder of indebtedness under this agreement may bid for the property offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the Vendor may specify, or as may be required by law, and without gathering at the place of sale the Equipment to be sold, and in general in such commercially reasonable manner as the Vendor may determine.

At the request of the Vendor, the Vendee shall promptly execute and deliver to the Vendor such instruments of title and other documents as the Vendor shall deem necessary or advisable to enable the Vendor to obtain possession of the Equipment or to transfer the title to the Equipment to any purchaser in connection with such sale.

Upon such taking possession or sale of the Equipment, the Vendee shall, subject to section 6.3 hereof, cease to have any rights in respect of the Equipment hereunder, but except as specifically provided herein all such rights shall be deemed thenceforth to have been waived and surrendered by the Vendee, and no payments theretofore made by the Vendee in respect of the Equipment or any of it shall give to the Vendee any legal or equitable interest or title in or to the Equipment or any of it or any cause or right of action at law or in equity in respect of the Equipment against the Vendor or the holders of the outstanding indebtedness under this agreement. No such taking possession or sale of the Equipment or any of it by the Vendor shall be a bar to the recovery by the Vendor from the Vendee of payments then or thereafter due and payable, and the Vendee (subject to the provisions of section 2.4 hereof) shall be and remain liable for the same until such sums shall have been received by the Vendor as, with the proceeds of the sale of the Equipment, shall be sufficient for the discharge and payment in full of all the obligations of the Vendee hereunder (other than interest not then accrued), whether or not they shall have then matured.

In the event that the Vendor shall recover the Equipment in its entirety, and shall not sell the same as aforesaid, the Vendee shall be discharged from its liability hereunder.

6.3. Right of Redemption. If, prior to such sale or the making of a contract therefor, or within 30 days after the Vendor shall have notified the Vendee of its intention to take possession or sell the Equipment, the Vendee should tender full

payment of the total unpaid principal of all the indebtedness under this agreement then outstanding, together with interest thereon accrued and unpaid and all other amounts due under this agreement as well as all proper expenses of the Vendor incurred in taking possession of, storing, preparing the Equipment for, and otherwise arranging for, such sale, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee.

If, prior to such sale or the making of a contract therefor, or within 30 days after the Vendor shall have notified the Vendee of its intention to take possession or sell the Equipment, and such sale or possession shall arise from an Event of Default hereunder not related to or arising from an Event of Default under the Lease, the Vendee should tender full payment of the total unpaid principal of all the indebtedness under this agreement then outstanding with respect to any unit of Equipment, together with interest thereon accrued and unpaid, the premium set forth in the next succeeding paragraph, and all other amounts due under this agreement as well as all proper expenses of the Vendor incurred in taking possession of, storing, preparing the Equipment for, and otherwise arranging for, such sale, then in such event absolute right to the possession of, title to and property in such unit of Equipment shall pass to and vest in the Vendee.

In the case of the redemption of any unit of Equipment pursuant to the preceding paragraph, the Vendee shall pay, in addition to then outstanding indebtedness, interest, and other amounts due, a premium equal to the following percentage of the outstanding indebtedness:

On or prior to July 1, 1986	7.05%
After July 1, 1986, and prior to January 1, 1989	3.53%
After January 1, 1989 and prior to July 1, 1991	1.77%
After July 1, 1991	0.00%

6.4. Application of Proceeds. If an Event of Default shall occur and be continuing and the Vendor shall exercise any of the powers conferred upon it by sections 6.1 and 6.2 hereof, all payments made by the Vendee to the Vendor hereunder after such Event of Default, and the proceeds of any judgment collected hereunder from the Vendee by the Vendor, and the proceeds of every sale by the Vendor of any of the Equipment, together with any other amounts which may then be held by the Vendor under any of the provisions hereof, shall be applied by the Vendor to the payment in the following order of priority: (a) of all proper charges, expenses or advances made or incurred by the Vendor in exercise of its remedies hereunder, (b) of the interest then due, with interest on overdue interest at the Overdue Rate to the extent legally enforceable, and (c) of the principal of all the outstanding indebtedness under this agreement, with interest

thereon at the Overdue Rate to the extent legally enforceable from the last date on which interest was due, whether such indebtedness under this agreement shall have then matured by its terms or not.

If after applying all such sums of money realized by the Vendor as aforesaid there shall remain any amount due to the Vendor under the provisions hereof, the Vendee (subject to the provisions of the section 2.4 hereof) agrees to pay the amount of such deficit to the Vendor. If after applying as aforesaid the sums of money realized by the Vendor there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

6.5. Rights and Remedies Cumulative; No Waiver. Each and every right, power and remedy herein specifically given to the Vendor under this agreement shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Vendor, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Vendor in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Vendee or the Lessee or to be an acquiescence therein. No waiver in respect of any Event of Default shall extend to any subsequent or other Event of Default.

6.6. Restoration of Rights and Remedies. In case the Vendor shall have proceeded to enforce any right, power or remedy under this agreement by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Vendor, then and in every such case the Vendee and the Vendor shall be restored to their former positions and rights hereunder with respect to the Equipment, and all rights, remedies and powers of the Vendor shall continue as if no such proceedings had been taken.

6.7. Rescission and Annulment. If at any time after the principal of the indebtedness under this agreement shall have become so due and payable by declaration by the Vendor, and before any judgment or decree for the payment of the money so due, or any thereof, shall be entered, all arrears of interest upon the indebtedness under this agreement and all other sums payable under the indebtedness under this agreement (except the principal of and premium, if any, on the indebtedness under this

agreement which by such declaration shall have become payable) shall have been duly paid, and every other default and Event of Default with respect to any covenant or provision of this agreement shall have been made good or cured, then and in every such case the Vendor's declaration and its consequences may, at the option of the Vendor, be rescinded and annulled; but no such rescission or annulment shall extend to or affect any subsequent default or Event of Default with respect to such series or impair any right consequent thereon.

SECTION SEVEN
ASSIGNMENTS

7.1. Assignments; Indemnified Parties. This agreement, including all agreements, covenants, indemnities, representations, and warranties, shall be binding upon and inure to the benefit of, and may be enforced by, (a) the Vendor and its successors, assigns, agents, employees, and representatives; and (b) the Vendee and its successors and, to the extent permitted hereby, assigns.

7.2. Assignment by the Vendor. All or any of the rights and benefits of the Vendor under this agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and, subject to any limitations in such assignment, reassigned by any assignee. No such assignment shall subject any assignee to, or relieve the original Vendor from, any of the obligations of the original Vendor to deliver the Equipment in accordance with section 1.1 hereof or to respond to its warranties set forth in Section Four hereof, or relieve the Vendee of its obligations to the original Vendor contained in clause (a) of the second paragraph of section 2.2, or any other obligation that, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignee or the assignor shall furnish a counterpart or copy of such assignment to the Vendee, and such counterpart or copy shall constitute notice thereof. After receipt of such notice:

(a) the Vendee shall make all payments assigned by such assignment to the assignee thereunder or its successor;

(b) ~~all rights of the Vendor hereunder shall be exercisable by such assignee and its successor assignees;~~

(c) the rights of such assignee and such successors shall not be subject to any defense, counterclaim, or set-off that the Vendee may have or assert against the original Vendor;

(d) such assignee and any successor assignees shall not be or become liable for any obligation of the original Vendor or otherwise;

(e) all requirements for notice and reports shall be deemed satisfied if given to such assignee; and

(f) all consents and approvals required hereunder to be given by the Vendor (if given) may be given by

such assignee, but not the assignor.

SECTION EIGHT
MISCELLANEOUS

8.1. Mailing of Notice. All communications and notices provided for herein shall be in writing and shall become effective when delivered or three days after being deposited in the United States mail, first class postage prepaid, addressed as follows:

(a) if to the Vendee, at 445 Washington Street, San Francisco, California 94111, attention of President;

(b) if to the Vendor, at 721 Locust Street, St. Louis, Missouri 63166, attention of Corporate Banking Department/Leasing Group;

or such other address that any party shall designate by notice to the other parties hereto.

8.2. Indemnities to Survive. Any indemnities, representations, and warranties contained in this agreement or any document, agreement, or certificate delivered in connection herewith shall survive the discharge of the indebtedness hereunder.

8.3. Confirmation of the Rights of the Lessee. The Vendor hereby confirms, for the benefit of the Lessee, that the rights retained hereby in the Equipment are limited by and to the rights of the Vendee as lessor under the Lease, and that the Vendor, as assignee of the Vendee and in exercise of the Vendee's rights under the Lease, shall be bound by and comply with the agreements and obligations of the Vendee thereunder.

8.4. Holders of Indebtedness under this Agreement. All representations, warranties, covenants, and agreements contained herein shall be binding on, and shall inure to the benefit of, the Assignee and the holders of interests in the indebtedness under this agreement. Any request, notice, direction, consent, waiver, or other instrument or action by any such holder shall bind the successors and assigns of such holder.

8.5. Amendments and Waivers. The terms of this agreement shall not be waived, altered, modified, amended, supplemented, or terminated in any manner whatsoever except by written instrument signed by the Vendee and the Vendor.

8.6. Entire Agreement. This agreement and the other agreements and documents referred to herein constitute the final and entire expression of the agreement of the parties with respect to the matters contemplated hereby.

8.7. Law Governing. This agreement has been delivered in and shall be governed by the law of the State of California.

8.8. Recourse. This agreement is solely a corporate obligation and no recourse shall be had in respect of any obligation, covenant, or agreement of this agreement, or referred to herein, against any stockholder, incorporator, director, or officer, as such, past, present, and future, of the parties hereto by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of statute or otherwise.

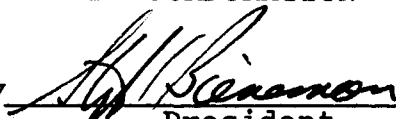
8.9. Invalidity of Provisions. Any provision of this agreement which may be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.10. Counterparts. This agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, all of which together shall constitute a single agreement.


8.11. Effectiveness. Although this agreement is dated as of the date first above written for convenience, the actual dates of execution hereof by the parties hereto are respectively the dates set forth in the acknowledgments annexed hereto, and this agreement shall be effective on the latest of such dates.

IN WITNESS WHEREOF, the parties hereto have each caused this agreement to be duly executed by their respective officers thereunto duly authorized:

CIS RAIL CORPORATION

by 
President

MERCANTILE TRUST COMPANY,
NATIONAL ASSOCIATION

by 
Vice President

STATE OF CALIFORNIA)
)
) SS.:
 CITY OF SAN FRANCISCO)

On this 27 day of May, 1983, before me personally appeared Stephen C. Bieneman, to me personally known, who, by me being duly sworn, says that he is President of CIS Rail Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Cleo de la Montanya
 Notary Public

STATE OF MISSOURI)
)
) SS.:
 CITY OF ST. LOUIS)

On this 1st day of May, 1983, before me personally appeared Dean E. Bradley, to me personally known, who, by me being duly sworn, says that he is a Vice President of Mercantile Trust Company, National Association, that one of the seals affixed to the foregoing instrument is the corporate seal of said association, and that said instrument was signed and sealed on behalf of said association by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Doris Jung
 Notary Public

My commission expires

DORIS JUNG
 NOTARY PUBLIC, STATE OF MISSOURI
 MY COMMISSION EXPIRES FEB. 11, 1984
 CITY OF ST. LOUIS

SCHEDULE A
EQUIPMENT

Nineteen General Motors Corporation model EMD GP-40 diesel-electric locomotives, marked with the road numbers of Missouri-Kansas-Texas Railroad Company MKT 211 through MKT 221 and MKT 223 through 230.

Four General Motors Corporation model EMD GP-38 diesel-electric locomotives, marked with the road numbers of Missouri-Kansas-Texas Railroad Company MKT 300 through MKT 303.

The Purchase Price of each such locomotive is \$135,000.